



ALBERTA WATER COUNCIL

2009 ANNUAL REPORT

ABOUT THE ALBERTA WATER COUNCIL

The Alberta Water Council is a multi-stakeholder partnership that provides leadership, expertise and advocacy, to engage and empower individuals, organizations, businesses and governments to achieve the outcomes of the *Water for Life* strategy. Its Members represent governments, industry, and non-government organizations, all of whom have a vested interest in water. The Council's vision is that all Albertans are water stewards, working together to ensure safe, healthy and abundant water for a high quality of life for future generations.

Created in 2004 under Ministerial Order by Alberta's Minister of Environment, the Council serves as a unique example of the concept of shared governance. It is one of three types of partnerships established under the *Water for Life* strategy; the others are Watershed Planning and Advisory Councils, and Watershed Stewardship Groups.

The Council regularly reviews implementation of the *Water for Life* strategy and champions the achievement of the strategy's goals. The structure of the *Water for Life* strategy is based on a strong relationship between three goals:

- Safe, secure drinking water supply
- Healthy aquatic ecosystems
- Reliable, quality water supplies for a sustainable economy

and three key directions in water management practices that are intended to achieve these outcomes:

- Knowledge and research
- Partnerships
- Water conservation.

The Council also advises the Alberta Government, stakeholders and the public on effective water management practices and solutions to water issues, as well as on priorities for water research. Where there is consensus, the Council may advise on government policy and legislation. However, the Government of Alberta remains accountable for the implementation of the *Water for Life* strategy, and continues to administer water and watershed management activities throughout the province.

The Council operates by consensus and is guided by an executive committee. It submits reports and recommendations directly to the Minister of Environment and other stakeholders. In November 2007, the Council was formally incorporated as a not-for-profit society under Alberta's *Societies Act*, with its own bylaws and governance structure. The Council receives an annual grant from the Government of Alberta to cover core operating costs and is responsible for its own financial management.

ABOUT THIS REPORT

This is the Council's fifth annual report. It summarizes activities for the calendar year 2009.

“Water is life's matter and matrix, mother and medium. There is no life without water.”

Albert Szent-Gyorgyi

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EXECUTIVE SUMMARY

This annual report describes the activities of the Alberta Water Council in 2009. The Council completed three major projects this year and continues to receive an exceptional commitment of time and effort from board and team members.

A highlight of the year was the completion of the third *Water for Life Implementation Review* report. This review recognized the noticeable progress made to date, but concluded that more effort should be focused on physical improvements in water management. This report informed the Government of Alberta's *Water for Life Renewal Action Plan*, released in November.

Another important piece of advice was provided to the Government of Alberta in August, with the transmittal of recommendations for improving Alberta's water allocation transfer system. A key source of information was the very successful symposium featuring a number of international experts. The Council identified six main areas for improvements. If implemented, these recommendations will greatly strengthen the water allocation transfer system and ensure it meets the needs of Albertans now and in the future.

A third timely project was completed in November when the Council approved seven provincial ecological criteria to aid and guide the identification of areas within Alberta's watersheds that substantially contribute to aquatic ecosystem health. The

groundwork for this initiative was laid with the earlier development and Council acceptance of a working definition of "healthy aquatic ecosystems." The seven criteria are expected to be particularly useful for watershed management planning and for the regional plans being developed under the province's *Land-use Framework*.

Sector planning for water conservation, efficiency and productivity continued to move forward in 2009; work is well along on two major sector plans. Alberta's seven largest water-using sectors are actively involved in this work and have committed to completing their plans in the next year.

As the year wrapped up, efforts were underway for a major strategic planning session early in 2010 to develop a new three-year business plan. Several new projects are expected to emerge as priorities from those discussions.

Staff remain active with outreach and communications, meeting with groups across Alberta and outside the province to share information about the Council, its projects and its consensus-based process.

For more information on the Alberta Water Council, its publications and activities, please visit the Council's website at www.awchome.ca.

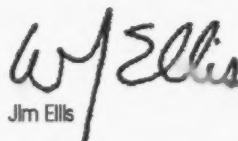
MESSAGE FROM THE PRESIDENT

Water management challenges continue to be top-of-mind all over the world, including here in Alberta. Our *Water for Life* strategy identified key priorities back in 2003 and that strategy remains as important today as it was then – perhaps more so, given the increasing growth and development pressures the province is experiencing. The Government of Alberta, with advice from the Water Council, acknowledged the significance of *Water for Life* by renewing the strategy in late 2008 and noting that more work remains to be done. In its review of implementation progress published in 2009, the Council identified specific areas that need focused attention to advance the strategy's aims.

Albertans understand and are responding to the reality that water is a precious and limited resource, requiring careful management to meet societal and environmental needs now and into the future. The Council is helping to shape how the province manages water resources and evolving needs by providing thoughtful and balanced recommendations developed by multi-stakeholder teams. The power of this advice comes not only from the experience and knowledge that individuals bring to the Council's discussions, but also from the strength of the consensus process.

We continue to work with many industry sectors in the province as they develop their water conservation, efficiency and productivity plans to help achieve the *Water for Life* goals. The leadership and commitment shown by these sectors has been remarkable and we look forward to seeing the impact on water use as these plans are implemented.

Again this year it has been my pleasure to work alongside so many committed individuals. I remain deeply impressed by their dedication to the tasks the Council has taken on. I thank all Council members, including those who stepped down in 2009, for offering their time and talents. And finally, to those who have served on our committees, teams and working groups this year, the Council is very grateful.


Jim Ellis

BOARD MEMBERS

The following members gave generously of their time and expertise to advance the Council's work in 2009.

Broad Category	Representative	Alternate
Industry		
Chemical and Petrochemical	Al Kennedy	John Skowronski
Forestry	Keith Murray	
Irrigation	Ron McMullin	Richard Phillips
Livestock	Larry Nolan	Doug Sawyer
Mining	Judy Smith	Stuart Lunn
Oil and Gas	J. David Rushford*	Dave Middleton
Power Generation	Mike Kelly	Jim Hackett
Non-Government Organization		
Environmental	Carolyn Campbell	Bob Cameron
Environmental	Lindsay Telfer	Lisa Maria Fox
Environmental	Jason Unger	Maureen Bell
Fishery Habitat Conservation	Ron Pearson	Peter Alu
Lake Environment Conservation	Jay White*	
Watershed Planning and Advisory Councils	Dug Major	
Wetland Conservation	Dave Kay	Eric Butterworth
Government of Alberta and Provincial Authorities		
Alberta Agriculture and Rural Development	Collin Jeffares	Jamie Wulfe
Alberta Energy	David Breakwell	Jennifer Steber
Alberta Environment	Jim Ellis*	Beverly Yee
Alberta Health and Wellness	Alex MacKenzie	Debra Mooney
Alberta Sustainable Resource Development	Eric McGhan	Wendy Boje
Alberta Water Research Institute	David Hill	
Other Government		
Large Urban	Rob Pritchard*	Mark Brostrom
Métis Settlements	Allan Wells	Jerry Cunningham
Rural	Dwight Oliver	Don Johnson
Small Urban	Richard Guall	Rachel Boccock
Ex-officio	Gordon Edwards*	

* Executive member as of December 31, 2009.

The Council gratefully acknowledges the following individuals who stepped down in 2009:

Directors:

Danielle Drottsch, Kevin Stashin, Peter Watson

Alternates:

Ken Ambrock, Barry Anderson, Cheryl Bradley, Danielle Cobbaert, Shawn Gervais, Celeste Nicholson, Don Thompson

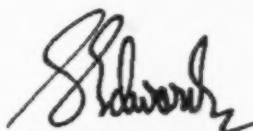
MESSAGE FROM THE EXECUTIVE DIRECTOR

Five years have passed since the Council was established to address some of Alberta's most significant water management challenges. In 2009, the Council continued to show that knowledgeable, committed stakeholders can reach consensus and provide thoughtful, practical advice in a timely manner.

I continue to be amazed and inspired by the passion of our volunteers. The Council's board, committees and project teams have shown remarkable dedication, contributing countless hours again this year to achieve the results described in this annual report. We could not be effective without the ongoing effort of these individuals and the organizations to which they belong.

This year saw us wrap up a number of projects including our third review of *Water for Life* implementation progress. Along with the renewed *Water for Life* strategy, released by the Government in late 2008, this represents some of the Council's most significant work in support of the strategy's outcomes. Another major accomplishment in 2009 was co-hosting an international symposium to discuss the successes and challenges of other jurisdictions that have implemented water allocation and transfer systems. More than 200 individuals shared their experience and expertise at this conference. The knowledge gained from this event helped to inform the Council's recommendations for new approaches that will strengthen the water allocation transfer system and ensure it meets Albertans' present and future needs while safeguarding the environment. We also continue to work closely with Alberta's seven largest water users to help them complete their conservation, efficiency and productivity plans.

The Council understands how important it is to provide the highest level of professional project management for our teams. This office continues to improve our ability to carry out this most important aspect of our business. In 2009, we had the pleasure of working with the Clean Air Strategic Alliance to organize a workshop on consensus decision making. This very successful two-day event focused on the theory and practice of consensus and on developing practical tools, and was attended by a number of Council board and team members as well as staff. I look forward to welcoming new staff members in 2010 as we continue to build our team.



Gordon K. Edwards

Our Team as of December 31, 2009

Executive director	Gordon Edwards
Senior project manager	Terry Sly
Project manager	Lorie Wagner
Office manager	Jennifer Beepat

Contractors:

Project manager	Christine Macken
Policy and communications	Kim Sanderson
Policy and communications	Petra Rowell
Media and communications	Val Mellemsmoen

PROJECT TEAM, WORKING GROUP AND COMMITTEE MEMBERS

The following individuals have contributed their time and expertise on Council working groups, project teams and committees. They and the organizations with which they are affiliated are acknowledged for their commitment and support. The Council also thanks the many other individuals from various stakeholder groups who reviewed documents, responded to surveys, and volunteered their time in support of our activities.

Peter Aku
Darren Aldous
Barry Anderson
Lauren Baldwin
Giselle Beaudry
Maureen Bell
Rod Bennett
Rachel Boccock
Rick Bonar
Diana Boylen
Ken Brown
Danielle Cobbaert
Matt Cohen
Jerry Cunningham
Marc Dubord
Jim Ellis
Paul Fesko
Lorne Fitch
Lisa Maria Fox
Les Gammie
James Guthrie
Jim Hackelf
David Hill
Scott Hillier
Kate Howland
John Jagorinec
Don Johnson
Bob Jones

Dave Kay
Mike Kelly
Al Kennedy
Gillian Kerr
Carn Lane
Sid Lodewyk
Melissa Logan
Derek Lovlin
Stuart Lunn
Dug Major
Bernd Manz
Dave Martz
Dave McGee
Ron McMullin
Brian Meagher
Scott Millar
Valerie Moore
Kate Murray
Keith Murray
Kelly Ness
Jennifer Nitschelm
Tara Payment
Ron Pearson
Rob Pittchard
J. David Rushford
Doug Sawyer
Al Schulz
Tracy Scott

Carrie Sellin
Jeff Shipton
John Skowronski
Judy Smith
Rich Smith
Chris Spytz
Nancy Stalker
Kevin Stashin
Judy Stewart

Lindsay Telfer
John Trekanenko
Jason Unger
Jim Webber
Jay White
Jamie Wolfe



COUNCIL ACTIVITIES AND PROGRESS IN 2009

The Council continued to implement its 2006 – 2009 business plan this year. In support of a systems approach to managing water in Alberta, the business plan contains two goals and eight strategies to achieve these goals, as noted in the table below.

BUSINESS AND OPERATIONAL PLAN COMPONENT		AREA OF COUNCIL ACTIVITY IN 2009
GOAL	STRATEGY	
Goal 1: Alberta has an effective, adaptive water management system to achieve the three <i>Water for Life</i> goals	1.1 Oversight Guide, direct and assess the effectiveness of implementation of the <i>Water For Life</i> strategy.	- <i>Water for Life</i> Implementation Review
	1.2 Policy Advice Ensure comprehensive and integrated policies are in place to support effective water management systems.	- Water Allocation Transfer System Upgrade
	1.3 Advocacy Be a catalyst for the improvement of the water management system.	- Healthy Aquatic Ecosystems - Water Allocation Transfer System Upgrade - Sector Planning for Conservation, Efficiency and Productivity
	1.4 Knowledge and Research Identify priority water knowledge and research needs in Alberta and ensure they are met.	- Representative on Alberta Water Research Institute's Program and Planning Committee
	1.5 Resource Information Identify and champion the resolution of high priority system-wide water resource information requirements (including but not limited to: groundwater, wetlands, in-stream flow needs).	- Provincial Ecological Aquatic Criteria for Health
Goal 2: Albertans are empowered and engaged in creating shared solutions to the challenges of managing our water and watersheds	2.1 Support WPACs and WSGs Support and enhance effectiveness of Watershed Planning and Advisory Councils and Watershed Stewardship Groups.	- <i>Water for Life</i> Implementation Review - Water Allocation Transfer System Upgrade
	2.2 Influence Albertans Influence Albertans to be personally involved in managing water resources.	- Communications
	2.3 Influence Sectors Influence and motivate sectors to improve their water management practices.	- Sector Planning for Conservation, Efficiency and Productivity

As well as activities related to the business plan strategies outlined above, the Council undertakes additional work directed at managing and improving its performance and effectiveness. Business and operational planning is one of these key areas of activity. From time to time activities are also undertaken to advance specific areas of Council interest or

activity; two such pieces of work done in collaboration with the Clean Air Strategic Alliance were completed in 2009: CASA – AWC Integration, and the Martha Kostuch Legacy Workshop on Consensus. The areas of Council activity for 2009 are described in more detail on the following pages under the work of the appropriate committee, working group or project team.

COMMITTEES, WORKING GROUPS AND PROJECT TEAMS

Committees, working groups and project teams are where much of Council's substantive work is done. Like the Council, these multi-stakeholder bodies make decisions by consensus.

Committees are typically formed to deal with administrative matters and often carry on their work from year to year.

Working groups are formed when the Council decides that more detailed work is needed in an area. The main purpose of a working group is to scope the issue and recommend how it could be addressed. This usually involves preparing terms of reference for a project team.

Project teams are established to investigate particular water issues thoroughly and come back to Council with a report and recommendations. Terms of reference for each team are available on the Council's website.

This section briefly describes the accomplishments of each committee, working group and project team, and explains how their work fits within the Council's Business Plan by noting the specific strategy the work supports.

Reports from Council teams are available online at www.awchome.ca.

COMMITTEES

EXECUTIVE COMMITTEE

The Council is guided by a five-person executive committee, which includes a member from each of the four broad categories plus the executive director. The executive committee leads the business planning activities and oversees implementation of the Council's three-year business plan, which was approved by the board in 2006. This plan outlines the vision, mission, goals and strategic priorities; it is the basis for Council's annual operational plans and ensures that the Council remains focused and on track in fulfilling its mandate. The executive committee sets the agenda for each board meeting and responds to issues that arise between meetings, giving direction to staff or handling the matter directly, as appropriate. Executive members also liaise with Ministers, communicate with the media when required, and monitor the board's effectiveness and adherence to Council policies and procedures.

COMMUNICATIONS COMMITTEE

The Council's communications work relates to **Strategy 2.2, Influence Albertans**, which is "influence Albertans to be personally involved in managing water resources." Communications are critical in enhancing public awareness and understanding of the Council, raising awareness of progress being made on the outcomes of *Water for Life*, and ensuring that Council activities are being reported in a timely manner. In 2009, this committee reviewed and evaluated its current and future roles, and was considering a new direction for 2010.

WATER FOR LIFE IMPLEMENTATION REVIEW COMMITTEE

Reviewing implementation progress of the *Water for Life* strategy is a core function of the Water Council. This committee is charged with assessing progress in achieving the strategy's three outcomes and three key directions. The review supports **Strategy 1.1, Oversight** in the Council's business plan, which is "Guide, direct and assess the effectiveness of implementation of the *Water for Life* strategy."

The Council completed its third review in 2009, covering *Water for Life* implementation progress through to the end of 2008, which was the halfway point of the strategy's original implementation timeframe. The review noted that, in the five years since the strategy was launched, noticeable progress has been made. However, much of the work has involved gathering information, building partnerships and developing plans with agreed-upon goals, outcomes and actions. For the strategy to advance, this type of work must shift toward physical, on-the-ground improvements in water management.

The review identified three challenges that cut across all goals and key directions in the *Water for Life* strategy. Addressing them will require superior coordination between Government of Alberta departments, industry, the environmental community and many others.

1. Land, water, air, biodiversity, and the cumulative impacts of development must be managed in an integrated and coordinated manner.

2. *Water for Life* partnerships require many types of resources: staff, technical support, data and information, communication, volunteers, and funding. Resources must be available to partnerships to ensure the necessary implementation actions do not outstrip stakeholder and partnership capacity to complete them.
3. For successful implementation, *Water for Life* requires leaders and champions in the Government of Alberta, industry, the environmental community, other levels of government, and in all of its partnerships.

To expedite future reviews, the committee developed a brief "how-to" guide, which includes guidance on timing and scheduling of reviews, gathering, organizing and analyzing information, and sharing the results with interested audiences. The guide also provides a template for conducting interviews, a proposed reporting format, and a general timeline for completing a review report.

CLEAN AIR STRATEGIC ALLIANCE (CASA) — ALBERTA WATER COUNCIL (AWC) INTEGRATION COMMITTEE

This joint committee was initiated by CASA to look for opportunities to leverage resources, increase efficiency, build on the successes of the two organizations, increase awareness and education, and demonstrate a commitment to the important linkages between air, land and water. The committee submitted its final report to the CASA board in November 2009. A key message was that CASA and the AWC already collaborate well through their respective staffs, and do look for efficiencies in areas such as project management, finance and information sharing. Both organizations will continue to seek opportunities to expand these efforts when appropriate.

WORKING GROUPS AND PROJECT TEAMS

HEALTHY AQUATIC ECOSYSTEMS PROJECT TEAM

The Healthy Aquatic Ecosystems Project Team was established to define the term *healthy aquatic ecosystems* and to explore opportunities for the Council and others to advance the goal of healthy aquatic ecosystems in Alberta. The creation of a working definition and the identification of opportunities were intended to provide a foundation and direction for work planning under this element of the *Water for Life* strategy for the Council and others. This work supports **Strategy 1.3, Advocacy** in the Council's business plan and will contribute to achieving goal two of the *Water for Life* strategy.

The team developed an extensive list of projects that could be done by various sectors to advance the healthy aquatic ecosystems goal, but emphasized priority projects that could be completed in two or three years. It made nine recommendations, all of which were intended to inform operational and work planning processes in the various organizations identified as potential leads. For projects recommended for the Alberta Water Council, the team proposed that one or more statements of opportunity be developed for discussion during the Council's operational planning process in 2009. One of the projects recommended for the Council was the development of criteria that could be used to identify areas within a watershed that are significant for maintaining aquatic ecosystem health.

CRITERIA FOR IDENTIFYING SIGNIFICANT AREAS WORKING GROUP

In response to a recommendation from the Healthy Aquatic Ecosystems Project Team, the Council agreed to scope a project to help identify areas that significantly contribute to aquatic ecosystem health within Alberta's watersheds. The Government of Alberta had also indicated it would be particularly helpful and timely to receive advice on this matter in light of the *Land-use Framework's* regional planning process. The Criteria for Identifying Significant Areas Working Group presented terms of reference for a new project team to the board in August. The terms of reference were approved, giving rise to the Provincial Ecological Aquatic Criteria for Health (PEACH) Project Team.

PROVINCIAL ECOLOGICAL AQUATIC CRITERIA FOR HEALTH PROJECT TEAM

The Provincial Ecological Aquatic Criteria for Health (PEACH) Project Team was formed in August 2009 and presented its final report to the board in November. Their objective was to select, modify, or develop up to ten provincial ecological criteria to aid and guide the identification of areas within Alberta's watersheds that substantially contribute to aquatic ecosystem health.

The team followed the Systematic Conservation Planning process, which is a scientifically rigorous, transparent and repeatable approach to the identification of areas that contribute to ecosystem health. Its work was limited to the Criteria Building Step of this process. Working with a consultant, the team gathered information, developed draft criteria and

obtained feedback from sector stakeholders before finalizing its report. Seven criteria were identified:

- Presence of focal aquatic species and their habitat
- Presence of at-risk, rare, or unique aquatic species and their habitat
- Presence of rare or unique aquatic ecosystems
- Key areas that contribute to water quantity
- Key areas that contribute to water quality
- Key areas of biological connectivity
- Key areas of intact complexity and/or biodiversity

This work supports Council's **Strategy 1.5, Resource Information**, which is to identify and champion the resolution of high-priority, system-wide water resource information requirements, particularly in the areas of groundwater, wetlands and in-stream flow needs. It will be up to the Government of Alberta to determine how the individual criteria are applied.

SECTOR PLAN MONITORING WORKING GROUP

In 2008, the Water Conservation, Efficiency and Productivity (CEP) Sector Plan Project Team recommended that a new multi-stakeholder project team be established to continue work in various areas related to CEP sector planning. The Council agreed and created the Sector Plan Monitoring Working Group. The working group presented terms of reference for the new team to the board in March 2009. Key tasks identified in the terms of reference were: (1) to support sectors in developing and implementing their sector plans by providing them with a forum to discuss issues and receive advice, (2) at the end of two years, to develop recommendations to enhance the Annotated Table of Contents and Sector Planning Framework to better support sector planning, and (3) to keep the Council and its stakeholders informed and up-to-date on sector planning activities. The board approved the terms of reference, giving rise to the Sector Planning for Conservation, Efficiency and Productivity Project Team.

SECTOR PLANNING FOR CONSERVATION, EFFICIENCY AND PRODUCTIVITY PROJECT TEAM

The renewed *Water for Life Action Plan* calls for water conservation, efficiency and productivity (CEP) plans to be done by 2010 for all major water-using sectors. The Council has been working to promote and assist the development of CEP sector plans by the main water-using sectors in Alberta: irrigation, urban municipalities, power generation, oil and gas, oilsands mining, chemical and petrochemical, and forestry.

Building on the good work of the CEP Sector Plan Project Team (completed in 2008), the Council approved terms of reference for a new team to monitor sector plan development and implementation. The new team is a venue for stakeholders to discuss challenges and share ideas as they develop their CEP plans. It provides regular updates on stakeholder progress through the use of a draft "What We've Learned" report, which is also posted to the Council's website. The team will be preparing a comprehensive report in 2011, including:

1. A general overview of how many sectors have completed plans and the targets they identified,
2. An overview of progress toward achieving CEP objectives where data is available,
3. Challenges encountered with the CEP framework document, and
4. Recommendations to assist in the 2012 evaluation of overall CEP progress.

This work supports **Strategy 1.3, Advocacy** in the Council's business plan, which is to "Be a catalyst for the improvement of the water management system," and **Strategy 2.3, Influence Sectors**, which is to "Influence and motivate sectors to improve their water management practices."

WATER ALLOCATION TRANSFER SYSTEM UPGRADE PROJECT TEAM

The Water Allocation Transfer System Upgrade Project (WATSUP) Team was formed in 2008 to identify and recommend improvements to Alberta's water allocation transfer system, and to consider ways to improve the management of environmental and social concerns. This work supports Council's **Strategy 1.2, Policy Advice** and **Strategy 1.3, Advocacy**. It relates to all three goals of the *Water for Life* strategy.

A need for this work emerged because portions of the South Saskatchewan River Basin are now closed to new applications for surface water licences, and other basins may face similar shortages in the future. Improvements to the water allocation transfer system are expected to result in water being made available for potential new licensees and for existing licences that are experiencing shortages. The team was directed to keep its work within the confines of existing legislation, specifically the *Water Act*, and was aware that its work was one of several inputs to the Government of Alberta's review of the water allocation system.

A key source of information for the team was the very successful symposium held in March with experts in water allocation transfer systems from around the world. The more than 200 individuals attending this conference engaged with international experts to discuss:

- The structure of water markets and water allocation transfer systems in other jurisdictions;
- Successes and challenges that other jurisdictions experienced in establishing and implementing their systems;
- Similarities and differences compared with Alberta's water allocation transfer system; and

- Best management practices and emerging policies, practices and technologies in other jurisdictions.

Throughout 2009 the team kept the board apprised of its progress and tested its ideas and directions with the board on a regular basis. If implemented, the recommendations will greatly strengthen the water allocation transfer system and ensure the system meets the needs of Albertans now and in the future. Six areas were identified for improvement:

1. **Protected Water:** Before a water allocation transfer system can function effectively, an amount of water must be set aside for environmental and non-consumptive purposes.
2. **A Water Allocation Transfer Market:** A robust market must be established to incent the transfer of all or a portion of a water allocation between users.
3. **Unused Water for the Market:** Certainty about the amount of water available for transfer is a foundational requirement of the water allocation transfer system.
4. **Conserving Water:** Improved conservation efforts will make more water available to meet ecosystem and economic goals of the province.
5. **Applying for a Transfer:** The water allocation transfer system requires an effective application and approval process.
6. **Data and Information Platforms:** An improved water allocation transfer system will require solid data and sound information to inform decision making.

WATER RESOURCE INFORMATION WORKING GROUP

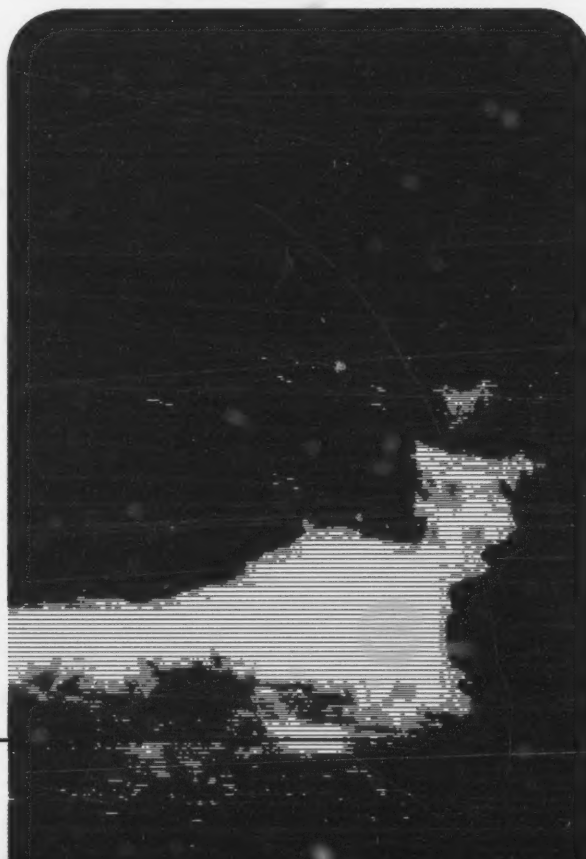
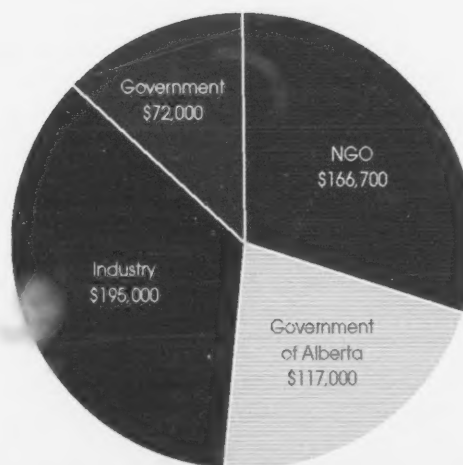
More information on water resources is needed to achieve the three goals in the *Water for Life* strategy. Late in 2008, the Council established a group to re-examine work underway in the Knowledge and Research element of the *Water for Life* strategy and recommend how the Council could best advance this key direction of the strategy. In 2009, the Council held a strategic planning session to identify priority projects for short-term activity. At that time, it was decided to defer work in this area to a future date.



IN-KIND CONTRIBUTIONS

In-kind support is a cornerstone of the Council's ability to address complex water management issues and is extremely valuable in helping the Council to complete its work. Industry, government and non-government organizations have all provided such support, largely through the participation of their staff. A number of organizations have also hosted meetings and other events. The Council has tried to assign a dollar value to this support by examining time and travel costs and other contributions, but can confidently say that the true value of these contributions is both under-recorded and underestimated.

The total in-kind contributions of time for 2009 amounted to nearly 6400 hours, which represents about \$551,000 in donated time. The chart shows these in-kind contributions from the four broad stakeholder categories. This year, significant additional support was also provided specifically for the Water Allocation Transfer System Upgrade symposium and is not reflected in the chart; this support came from the Alberta Water Research Institute, Alberta Association of Municipal Districts and Counties, Alberta Urban Municipalities Association, Canadian Association of Petroleum Producers, City of Calgary, Vipond Jones LLP and Western Irrigation District. The Alberta Water Council gratefully acknowledges all the generous contributions it has received from its stakeholders.



AUDITOR'S REPORT

Hawkings Epp Dumont LLP

Mayfield Square 1
10476 Mayfield Road
Edmonton, Alberta
T5P 4P4

Chartered Accountants

Telephone: 780-489-9606
Toll Free: 1-877-489-9606
Fax: 780-484-9689
Email: had@hed-edm.com

AUDITORS' REPORT

To the Members of Alberta Water Council Association

We have audited the statement of financial position of the Alberta Water Council Association (the "Association") as at December 31, 2009 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Hawkings Epp Dumont LLP

Edmonton, Alberta
January 27, 2010

HAWKINGS EPP DUMONT LLP
Chartered Accountants

Stony Plain Office
Suite 101, 5300 - 50 Street
PO Box 3188 Stony Plain
Stony Plain, Alberta T7Z 1T8

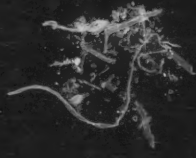
Telephone: 780-963-2727
Fax: 780-963-1294
Email: email@hawkings.com

SUMMARIZED FINANCIAL STATEMENTS — ALBERTA WATER COUNCIL ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2009

	2009	2008
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 459,066	\$ 422,379
Accrued interest receivable	414	465
Goods and Services Tax recoverable	7,164	11,610
Prepaid expenses	7,763	35,215
	<u>474,407</u>	<u>469,669</u>
PROPERTY AND EQUIPMENT	<u>74,103</u>	<u>44,667</u>
	<u>\$ 548,510</u>	<u>\$ 514,336</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 23,363	\$ 62,873
Deferred contributions — core	450,544	406,296
	<u>473,907</u>	<u>469,169</u>
DEFERRED CONTRIBUTIONS — PROPERTY AND EQUIPMENT	<u>74,103</u>	<u>44,667</u>
	548,010	513,863
NET ASSETS		
Unrestricted net assets	500	500
	<u>\$ 548,510</u>	<u>\$ 514,336</u>



STATEMENT OF REVENUES AND EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2009

	2009	2008
REVENUE		
Grants	\$ 788,024	\$ 875,691
Amortization of deferred contributions — property and equipment	30,292	18,346
Donations	21,150	500
Interest	1,019	12,860
	<u>840,485</u>	<u>907,397</u>
EXPENSES		
Salaries and wages	433,540	390,662
Sub-contracts	166,251	208,627
Director and stakeholder support	96,118	121,295
Administration	78,297	69,878
Amortization	30,292	18,346
Travel	11,705	16,727
Professional fees	9,969	13,932
Insurance	9,770	1,946
Advertising	2,726	6,514
Repairs and maintenance	1,222	16,613
Meals	595	5,923
Rental	—	5,040
Meetings and conferences	—	29,388
Relocation	—	2,006
	<u>840,485</u>	<u>906,897</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ —</u>	<u>\$ 500</u>

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Unrestricted Net Assets	Invested in Property and Equipment	2009	2008
NET ASSETS — BEGINNING OF YEAR	\$ 500	\$ —	\$ 500	\$ —
Excess of revenue over expenses	—	—	—	500
Contribution — property and equipment	(59,728)	59,728	—	—
Property and equipment purchases	59,728	(59,728)	—	—
Amortization of property and equipment	30,292	(30,292)	—	—
Amortization of deferred contributions — property and equipment	(30,292)	30,292	—	—
NET ASSETS — END OF YEAR	<u>\$ 500</u>	<u>\$ —</u>	<u>\$ 500</u>	<u>\$ 500</u>

ORGANIZATIONS

The following organizations have supported the Alberta Water Council through their generous in-kind contributions. These commitments have been instrumental in helping the Council undertake its work and are deeply appreciated. The Council also values the contributions from the many organizations that have been engaged behind the scenes and are too numerous to track.

Alberta Agriculture and Rural Development
 Alberta Association of Municipal Districts and Counties
 Alberta Beef Producers
 Alberta Cattle Feeders' Association
 Alberta Chamber of Resources
 Alberta Chapter of the Safe Drinking Water Foundation
 Alberta Conservation Association
 Alberta Energy
 Alberta Environment
 Alberta Forest Products Association
 Alberta Health and Wellness
 Alberta Irrigation Projects Association
 Alberta Lake Management Society
 Alberta Stewardship Network
 Alberta Sustainable Resource Development
 Alberta Urban Municipalities Association
 Alberta Water Research Institute
 Alberta Wilderness Association
 Agri-Environmental Partnership of Alberta
 Aquality Environmental Consulting Ltd.
 Aquatera Utilities Inc.
 ATCO Power Ltd.
 Battle River Watershed Alliance
 Beaver River Watershed Alliance
 Bow River Basin Council
 Bow River Irrigation District

Canadian Association of Petroleum Producers
 Canadian Chemical Producers Association
 Canadian Petroleum Products Institute — Western Division
 Cenovus Energy Inc.
 City of Calgary
 City of Edmonton
 Clearwater County
 Cochrane Environmental Action Committee
 ConocoPhillips Canada
 County of Warner
 Cows and Fish Program
 Devon Canada
 Ducks Unlimited Canada
 EnCana Corporation
 Environmental Law Centre
 Environment Canada
 EPCOR Water Services
 Esso Imperial Oil Resources
 Fish Habitat Conservation Collective
 Hinton Wood Products Woodland A Division of West Fraser Mills Ltd.
 Intensive Livestock Working Group
 Lesser Slave Watershed Council
 Métis Settlements General Council
 MDH Engineering Solutions Corporation
 Milk River Watershed Council Canada

Mikar Western — Pulp Division
 Municipal District of Rocky View
 Municipal District of Taber
 Natural Resources Canada
 North Saskatchewan Watershed Alliance
 Northwest Hydraulics Consultants
 NOVA Chemicals
 Oldman Watershed Council
 Penn West Energy Trust of Canada
 Red Deer River Watershed Alliance
 Shell Canada Ltd.
 Sierra Club of Canada, Prairie Chapter
 South East Alberta Watershed Alliance
 South Peace Environmental Association
 Special Areas Board
 Sustainability Resources Ltd.
 Town of Okotoks
 Town of St. Paul
 TransAlta Corporation
 TransAlta Generation Partnership
 Trout Unlimited Canada — Alberta Chapter
 University of Alberta
 Village of Breton
 Water Rights Inc.
 Watershed Planning and Advisory Council Collective
 Western Irrigation District

OTHER RESOURCES

The Alberta Water Council's reports can be obtained from the Council's website or on request to Council staff. Other agencies and organizations have published materials that have been useful to the Council and may be of interest to readers. Some of these are noted below.

ALBERTA WATER COUNCIL DOCUMENTS

The following key documents are available on the Alberta Water Council website at www.awchome.ca, under "Publications."

- *Provincial Ecological Criteria for Healthy Aquatic Ecosystems: Recommendations from the Alberta Water Council* (2009)
- *Recommended Projects to Advance the Goal of Healthy Aquatic Ecosystems* (2009)
- *Recommendations for Improving Alberta's Water Allocation Transfer System* (2009)
- *Healthy Aquatic Ecosystems - A Working Definition* (2008)
- *Water for Life, Recommendations for Renewal* (2008)
- *Intra-Basin Water Movement: Major Principles and Recommendations* (2008)
- *Recommendations for Water Conservation, Efficiency and Productivity Sector Planning* (2008)
- *Strengthening Partnerships: A Shared Governance Framework for Water for Life Collaborative Partnership* (2008)
- *Recommendations for a New Alberta Wetland Policy* (2008)
- *Recommendations for an Alberta Wetland Policy Implementation Plan* (2008)
- *Recommendations for a Watershed Management Planning Framework for Alberta* (2008)
- *Water Conservation, Efficiency and Productivity: Principles, Definitions, Performance Measures and Environmental Indicators* (2007)
- *Water Policy Issues and Gaps* (2007)
- *Review of Implementation Progress of Water for Life, 2006 - 2008* (2009)
- *Review of Implementation Progress of Water for Life, 2005 - 2006* (2007)
- *Review of Implementation Progress of Water for Life, 2004/2005* (2005)
- *2006 - 2009 Business Plan* (2006)
- *Water Research Strategy* (2006), published by the Alberta Science and Research Authority

ANNUAL REPORTS

- *Alberta Water Council 2008 Annual Report*
- *Alberta Water Council 2007 Annual Report*
- *Alberta Water Council 2005 - 2006 Annual Report*
- *Alberta Water Council 2004 - 2005 Annual Report*

WATER FOR LIFE STRATEGY AND RELATED DOCUMENTS

A number of documents related to the Water for Life strategy are available online at www.waterforlife.gov.ab.ca/index.html.

WATERSHED PLANNING AND ADVISORY COUNCILS

- Athabasca Watershed Council, website to be developed
- Battle River Watershed Alliance, www.battleriverwatershed.ca
- Beaver River Watershed Alliance, www.beaverwatershed.ca
- Bow River Basin Council, www.brbc.ab.ca
- Lesser Slave Watershed Council, www.lswc.ca
- Milk River Watershed Council Canada, www.milkriverwatershedcouncil.ca
- North Saskatchewan Watershed Alliance, www.nswa.ab.ca
- Oldman Watershed Council, www.oldmanbasin.org
- Red Deer River Watershed Alliance, www.rdrwa.ca
- South East Alberta Watershed Alliance, www.seawa.ca

OTHER ALBERTA RESOURCES AND WEBSITES

- Alberta Stewardship Network, www.ab.stewardshipcanada.ca
- Alberta Water Research Institute, www.albertaingenulity.ca/ingenulity/institutes/water/research

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